

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 COME-00 MMO-04 AID-05 AGRE-00
ABF-01 /029 W

-----292127Z 064183 /44

R 291802Z APR 77
FM AMEMBASSY SANTIAGO
TO SECSTATE WAHDC 4591

UNCLAS SECTION 1 OF 2 SANTIAGO 03526

E.O.11652:N/A
TAGS: BEXP, AFSP, XX
SUBJ: DRAFT FY 1978 COMMERCIAL ACTION PROGRAM

REF: STATE A-1111, STATE 26736, STATE 26645

SECTION I. THE COMMERCIAL SETTING.

CONTINUED GROWTH IN THE CHILEAN ECONOMY WILL MEAN INCREASES IN IMPORTS ACROSS THE BOARD. TWO CATEGORIES, HOWEVER, STAND TO INCREASE MORE RAPIDLY THAN OTHERS, NAMELY CAPITAL AND CONSUMER GOODS. THREE MAJOR SECTORS - MINING, CONSTRUCTION AND AGRICULTURE - HAVE FOREGONE NEEDED PURCHASES OF CAPITAL EQUIPMENT IN THE PAST TWO YEARS BECAUSE OF GOVERNMENT-DEFERRED AUSTERITY PROGRAMS. 1977 SHOULD WITNESS A LOOSENING OF THE REINS IN THESE THREE INDUSTRIES, ALL OF WHICH ARE HEAVILY INFLUENCED BY THE GOVERNMENT'S PURCHASING AND CREDIT POLICIES.

AT THE OPPOSITE EXTREME, CONSUMER GOODS WILL SHOW STRONG GROWTH AS MORE CHILEANS WILL HAVE MORE MONEY, A FAVORABLE EXCHANGE RATE AND INCREASINGLY LOWER DUTIES TO PAY. AFTER TWO GENERATIONS OF PROTECTIVE IMPORT BARRIERS, AND OVERLY EXPENSIVE, OFTEN SHABBY DOMESTIC SUBSTITUTES, MOST CHILEANS ARE JUST BEGINNING TO WAKE UP TO THE POSSIBILITIES OF BUYING IMPORTED EVERYDAY ITEMS SUCH AS PROCESSED FOODS, DRINKS, CLOTHING, TOYS, ELECTRONIC WARES, HOUSEHOLD

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APPLIANCES AND THE LIKE. AMERICAN FIRMS SPECIALIZING IN CONSUMER WARES SHOULD FIND THIS A FERTILE FIELD, INDEED.

BETWEEN THESE EXTREMES THE PROSPECTS FOR SEMI-PROCESSED GOODS: CHEMICALS, FIBERS, LUBRICANTS AND REPLACEMENT PARTS ARE GOOD IF NOT SPECTACULARLY SO. GENERALLY INCREASED INDUSTRIAL ACTIVITIES SHOULD LEAD TO A RISE OF 10-15 PERCENT

IN THESE IMPORTS.

THE UNITED STATES, TRADITIONALLY CHILE'S MOST IMPORTANT TRADING PARTNER, CONTINUED TO LEAD THE LIST OF CHILE'S SUPPLIERS IN 1976. ITS SHARE, ADMITEDLY OF A SLIGHTLY SMALLER CHILEAN MARKET, GREW FROM 29.4 PERCENT IN 1975 TO 30.4 PERCENT IN 1976.

SECTION II. PERSONNEL RESOURCES.

THE COUNTRY COMMERCIAL ACTION GROUP (CCAG) FOR CHILE, CHAIRED BY THE DEPUTY CHIEF OF MISSION, CONSISTS OF THE ECONOMIC-COMMERCIAL COUNSELOR, THE COMMERCIAL ATTACHE, THE AID MISSION DIRECTOR, THE PUBLIC AFFAIRS OFFICER, THE ADMINISTRATIVE COUNSELOR AND THE AGRICULTURAL ATTACHE.

STATE-FUNDED E/C SECTION PERSONNEL:

E/C COUNSELOR FSO-2 OVERALL SUPERVISION

COMMERCIAL ATTACHE FSO-3 SUPERVISES TRADE PROMOTION AND
COMMERCIAL INFORMATION PROGRAMS

TRADE PROMOTION FSO-4 INDUSTRIAL REPORTING; ASSISTS
OFFICER COMMERCIAL ATTACHE

E/C OFFICER FSO-4 FINANCIAL REPORTING

E/C OFFICER FSP-5 SCIENTIFIC AFFAIRS
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E/C OFFICER FSO7 JUNIOR OFFICER TRAINEE
(INTERMITTENT)

SECRETARY FSS-6 SECRETARY OF ECONOMIC UNIT

COMMERCIAL ADVISER FSL-9 TRADE PROMOTION ACTIVITIES

STATISTICIAN FSL-8 ECONOMIC ANALYSIS

TRANSLATOR FSL-7 TECHNICAL TRANSLATIONS AND
DIPLOMATIC NOTES

RESEARCH SPECIALIST FSL-7 BASIC RESEARCH FOR MARKET
STUDIES, WTDR'S, ADS,
NEWSLETTER

LIBRARIAN FSL-7 COMMERCIAL LIBRARY, WTDR'S, TO'S,ADS

SECRETARY FSL-4 SECRETARY TO COMMERCIAL UNIT

SECTION III. REVIEW OF COMMERCIAL ACTIVITIES FY 1977:

CAMPAIGN N0.1: ELECTRONIC DATA PROCESSING EQUIPMENT.
TARGET INDUSTRY.

ALL ACTIVITIES COMPLETED EXCEPT PROMOTIONAL EVENT WHICH WILL BE HELD WITHIN 2 - 3 WEEKS DEPENDING UPON AVAILABILITY OF USIS FILMS. CAMPAIGN CONFIRMS EMBASSY'S FEELING THAT MARKET FOR EDP EQUIPMENT IS GROWING RAPIDLY.

CAMPAIGN N0.2: WASTE AND POLLUTION CONTROL.

ON SCHEDULE, MARKET SURVEY TO BE COMPLETED IN MAY.
OTHER CAMPAIGNS NOT YET SCHEDULED.

SECTION IV. CAMPAIGNS AND SPECIAL EFFORTS, FY 1978
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CAMPAIGN N0.1: COMMUNICATIONS EQUIPMENT.

CHILE, BECAUSE OF ITS UNIQUE GEOGRAPHY, HAS VERY SPECIAL PROBLEMS IN INTERNAL COMMUNICATIONS. DISCUSSIONS WITH COMMUNICATIONS FIRMS ESTABLISHED IN CHILE AS WELL AS WITH VISITORS LEAD US TO BELIEVE THAT THIS SECTION WILL EXPAND GREATLY WITHIN THE NEXT THREE YEARS IN ALL TYPES: TELEPHONE, MICROWAVE, SATELLITE, AUTOMATED TELEGRAPHY, TELEVISION, ETC.

CAMPAIGN N0.2: METALLURGICAL AND METAL PROCESSING MACHINERY.

CHILE'S PRINCIPAL EXPORTS ARE MINERALS. BY INCORPORATING ADDITIONAL METALLURGICAL AND METAL PROCESSING MACHINERY INTO EXISTING REFINERIES AND CONCENTRATORS, MORE VALUE, ALONG WITH LARGER EXPORT REVENUE, COULD BE ADDED TO THE PRODUCT. THE CHILEAN METAL INDUSTRY IS ALREADY MOVING IN THIS DIRECTION: A CAMPAIGN ON BEHALF OF U.S. SUPPLIERS IN FY 1978 WILL BE TIMELY.

CAMPAIGN N0.3: ENERGY CONVERSION SYSTEMS AND EQUIPMENT.

CHILE HAS IMPORTANT HYDRO-CARBON RESOURCES, BUT THEY ARE UNDER-DEVELOPED. AS THE COUNTRY SEEKS TO REDUCE ITS DEPENDENCE UPON FOREIGN ENERGY SOURCES, MORE INVESTMENT WILL BE NEEDED IN DEVELOPMENT OF PETROLEUM, NATURAL GAS

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AND COAL DEPOSITS.

CAMPAIGN NO.4: MODERN MERCHANDISING AND PACKAGING.

CHILE'S IMPROVING ECONOMY BY FY 1978 WILL ALLOW GREATER
SOPHISTICATION IN INTERNAL RETAIL MARKETS (IMPROVED PRESENTATION
OF PRODUCTS, SOPHISTICATED INVENTORY CONTROLS,
CHECK- OUT EQUIPMENT, ETC) AT THE SAME TIME, AS THE
COUNTRY'S EXPORT SECTOR EXPANDS, MORE INVEMENT WILL BE
REQUIRED TO IMPROVE TH E PRESENTATION OF CHILEAN PRODUCTS
AS WELL AS TO MOVE THEM MORE EFFICIENTLY TO THEIR FINAL
DESTINATION. THIS WILL INVOLVE INVESTMENT IN PACKAGING
EQUIPMENT AND MATERIALS HANDLING SYSTEMS.

SPECIAL EFFORT NO.1: U.S. PAVILION, SANTIAGO INTERNATIONAL

FAIR, OCTOBER 27 - NOVEMBER 13, 1977.

PREPARATIONS FOR THIS EVENT, IN COOPERATION WITH THE
LOCAL U.S. CHAMBER OF COMMERCE ARE ALREADY IN PROGRESS.
SPECIALF EFFORT NO.2: FOREIGN BUYERS PROGRAM.

PROMOTIONAL CAMPAIGNS ON BEHALF OF THE FOLLOWING EVENTS
IN THE U.S.:

INTELCOM '77 (GEORGIA)
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BUILDING & CONSTRUCTION EXPOSITION AND CONFERENCE (ILLINOIS)

AUTOMOTIVE PARTS & ACCESSORIES SHOW (ILLINOIS)

36TH EXPOSITION OF CHEMICAL INDUSTRIES (ILLINOIS)

INTERNATIONAL EXPOSITION FOR FOOD PROCESSORS (ILLINOIS)

NATIONAL HARDWARE SHOW (ILLINOIS)

INTERNATIONAL MACHINE TOOL SHOW (ILLINOIS)

AMERICAN HOSPITAL ASSOCIATION CONVENTION (CAL.)

1978 INTERNATIONAL MINING SHOW (NEVADA)

INTERNATIONAL PUBLIC WORKS CONGRESS (MASS.)

INSTRUMENTATION/AUTOMATION CONFERENCE & EXHIBITION (PENN.)

NATIONAL PACKAGING WEEK EXPO & ASSEMBLY (ILLINOIS)

FOOD & DAIRY EXPOSITION '78 (CAL.)

SPECIAL EFFORT NO.3: IMPROVED CONSULTATION PROGRAMS BETWEEN
EMBASSY AND LOCAL U.S.BUSINESS COMMUNITY.

THE EMBASSY HAS RECEIVED INDICATIONS FROM LOCAL U.S.
BUSINESS REPRESENTATIVES THAT, IN ADDITION TO THE AMBASSADOR'S
REGULAR BUSINESSMEN'S COFFEE, THEY WOULD APPRECIATE MORE
FREQUENT CONSULTATION WITH EMBASSY OFFICERS. THE EMBASSY
WILL ORGANIZE SUCH CONSULTATIVE SESSIONS TO TAKE PLACE AT
VARIOUS SITES, DEPENDING ON FORMAT OF THE MEETING.

SECTION V. FINANCIAL RESOURCES.

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	FY 1976	FY1977	FY 1978
	(ACTUAL)	(ESTIMATE)	(REQUESTED)
1. REPRESENTATION	\$ 260	\$ 290	\$ 330
2. TRAVEL	870	900	900
3. CONTRACT SERVICES OF WHICH:			
A) WTDR SUPPORT	630	720	810
B) PRINTING NEWSLETTER	580	725	906
C) OTHER - REPLACEMENT			
OF AIR CONDITIONERS	445	-0-	-0-

4. COMMERCIAL LIBRARY	2,927	3,300	3,850
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5. OTHER (OFFICE SUPPLIES, MAINTENANCE OF OFFICE AND EQUIPMENT)	1,621	400	450
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TOTALS:	\$ 7,333	\$ 6,335	\$ 7,246
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(SIGNED)
MOORHEAD KENNEDY, JR.
COUNSELOR FOR ECONOMIC AND
COMMERCIAL AFFAIRS

(SIGNED)
ROY C. NELSON
COUNSELOR FOR ADMINISTRATION

POPPER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
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Disposition Approved on Date:
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Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770150-1062
Format: TEL
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t1977044/aaaaactz.tel
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Litigation History:
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Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE A-1111, 77 STATE 26736, 77 STATE 26645
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2754168
Secure: OPEN
Status: NATIVE
Subject: DRAFT FY 1978 COMMERCIAL ACTION PROGRAM
TAGS: BEXP, AFSP, XX
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/a99b2aa2-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009